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## Lilly Settles With 18,000 Over Zyprexa

By ALEX BERENSON

Eli Lilly agreed yesterday to pay up to \$500 million to settle 18,000 lawsuits from people who claimed they had developed diabetes or other diseases after taking Zyprexa, Lilly's drug for schizophrenia and bipolar disorder.

Including earlier settlements over Zyprexa, Lilly has now agreed to pay at least \$1.2 billion to 28,500 people who said they were injured by the drug. At least 1,200 suits are still pending, the company said. About 20 million people worldwide have taken Zyprexa since its introduction in 1996.

The settlement covers cases filed in state and federal courts by law firms or groups of firms for 18,000 clients, Lilly said. The federal suits have been overseen in Brooklyn by Judge Jack B. Weinstein of the Eastern District of New York.

The settlement will not affect continuing civil or criminal investigations of Zyprexa by state attorneys general and federal prosecutors.

Both Lilly and lawyers for plaintiffs said they were pleased with the agreement. With global sales of roughly \$4.2 billion last year, Zyprexa is Lilly's largest-selling drug and a major contributor to the company's profits. Lilly shares were relatively flat after the settlement announcement. They rose 11 cents yesterday, to \$52.36.

Zyprexa is the brand name for olanzapine, a potent chemical that binds to receptors in the brain to reduce psychotic hallucinations and delusions. Clinical trials show that in many patients, Zyprexa also causes severe weight gain and increases in cholesterol and blood sugar.

Documents provided to The New York Times last month by a lawyer who represents mentally ill patients show that Lilly played down the risks of Zyprexa to doctors as the drug's sales soared after its introduction in 1996. The internal documents show that in Lilly's clinical trials, 16 percent of people taking Zyprexa gained more than 66 pounds after a year on the drug, a far higher figure than the company disclosed to doctors.

The documents also show that Lilly marketed the drug as appropriate for patients who did not meet accepted diagnoses of schizophrenia or bipolar disorder, Zyprexa's only approved uses. By

law, drug makers may promote their drugs only for diseases for which the Food and Drug Administration has found the medicines to be safe and effective, though doctors may prescribe drugs in any way they see fit.

In response to questions about the information in the documents, Lilly has denied any wrongdoing and said it provided all relevant information to doctors and the F.D.A. Lilly has also said it did not promote Zyprexa for conditions other than schizophrenia or bipolar disorder.

In 2004, a panel of the American Diabetes Association found that Zyprexa caused diabetes more than other widely used antipsychotic drugs, in part because it tends to cause much more weight gain. But the F.D.A. has never made a similar finding. Instead, the F.D.A. added a warning in 2003 to the label of Zyprexa and other new antipsychotic drugs about their tendency to cause high blood sugar.

In 2005, a \$700 million agreement covered 8,000 patients, and the company has made 2,500 individual settlements whose total value has not been disclosed, Lilly said. The 2005 settlement valued claims at about \$90,000 a plaintiff, while yesterday's agreement values claims at about \$27,000 a plaintiff, at most.

The lower value for the new claims comes in part because of the F.D.A. label change, which has allowed Lilly to say that it adequately warned doctors of the risks of Zyprexa after 2003. The label change may also help to protect Lilly from future lawsuits, analysts and lawyers say.

In its statement, Lilly said the settlement did not change its view that Zyprexa is a safe and effective treatment for mental illness.

"We wanted to reduce significant uncertainties involved in litigating such complex cases," Sidney Taurel, Lilly's chief executive, said in the statement.

Richard Meadow, one of the lead lawyers for the plaintiffs, said the deal was fair to both sides.

"Prolonging this litigation further is in no one's best interest," he said.

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